

Drabu addresses Empowered Committee meet on (GST)

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Jehlum Post News/New Delhi/ April 22, 2015/Finance Minister, Dr Haseeb Drabu Wednesday called for constitution of a Sub-Group on implementation of Goods and Services Tax (GST) regime in Jammu and Kashmir in view of the State's special taxation powers. Speaking at the meeting of the Empowered Committee of Finance Ministers on GST, Dr Drabu said being the special taxation area, it has to be ensured that the taxation powers of J&K are not encroached upon under the new tax regime. The meeting was chaired by Union Finance Minister, Mr Arun Jaitley. Dr Drabu strongly advocated constitution of a Sub-Group of the Empowered Committee to deliberate on the implications of the new tax regime for J&K. Pertinently, the bill on GST was introduced in the Lok Sabha in December. A single rate of GST will replace central excise, state VAT, entertainment tax, octroi,

entry tax, luxury tax and purchase tax on goods and services to ensure seamless transfer of goods and services. Dr Drabu argued at the meeting that if GST is implemented in its present form and shape in the State, J&K will lose its taxation autonomy. He said J&K is the only state in the country that has the power to tax services. "By virtue of its Sales Tax Act, J&K has the power to tax both goods and services. All other states in India have the power to tax only goods. Under GST regime, J&K will be surrendering the exclusive authority to tax goods and services," he said. While all other states have ratified the constitutional amendment regarding GST, the Sub-Group would decide on its applicability to J&K as two earlier amendments – 46th and 88th – are also not applicable to J&K. The Union Finance Minister while concurring with Dr Drabu's views, said that it is for the government of Jammu and Kashmir to decide the manner and the method on how GST would be applicable to the State, while safeguarding its own taxation powers.